



6450-01-P

DEPARTMENT OF ENERGY

Southeastern Power Administration

Proposed Rate Adjustment Cumberland System of Projects

AGENCY: Southeastern Power Administration, DOE.

ACTION: Notice of proposed rates, public forum, and opportunities for public review and comment.

SUMMARY: Southeastern Power Administration (Southeastern) proposes to revise existing schedules of rates and charges applicable to the sale of power from the Cumberland System of Projects effective October 1, 2020, through September 30, 2025. Interested persons may review the rates and supporting studies and submit written comments. Southeastern will consider all comments received in this process.

DATES: Written comments are due on or before **[INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**. A public information and comment forum will be held at the Southeastern Power Administration, 1166 Athens Tech Road, Elberton, GA, and also by webinar, on May 12, 2020, at 3:00 p.m. Persons desiring to attend the forum in person should notify Southeastern on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**. Persons desiring to speak at the forum should notify Southeastern at least seven (7) days before the scheduled forum date, so a list of forum participants can be prepared. Notifications should be submitted by Email to *comments@sepa.doe.gov*. Others participating in the forum may speak if time permits. Unless Southeastern has been notified on or before **[INSERT DATE 30 DAYS AFTER DATE OF**

PUBLICATION IN THE *FEDERAL REGISTER*], that at least one person intends to participate in the forum in person, the forum will be held by webinar only.

ADDRESSES: The Tuesday, May 12, 2020, Webinar URL information is as follows: https://usdeptofenergysepa.globalmeet.com/SEPA_ Call in information: +1 (800) 216-0770, Access Code: 509632. Written comments should be submitted to: Administrator, Southeastern Power Administration, U.S. Department of Energy, 1166 Athens Tech Road, Elberton, GA 30635-6711; Email: Comments@sepa.doe.gov.

FOR FURTHER INFORMATION CONTACT: Virgil G. Hobbs III, Assistant Administrator, Finance and Marketing, Southeastern Power Administration, U. S. Department of Energy, 1166 Athens Tech Road, Elberton, GA 30635-6711, (706) 213-3838; Email: virgil.hobbs@sepa.doe.gov.

SUPPLEMENTARY INFORMATION:

Background of Existing Rates: The existing schedules of rates and charges applicable to the sale of power from the Cumberland System of Projects are effective through September 30, 2020. On May 6, 2016, the Federal Energy Regulatory Commission (FERC) confirmed and approved, on a final basis, Wholesale Power Rate Schedules CBR-1-I, CSI-1-I, CEK-1-I, CM-1-I, CC-1-J, CK-1-I, CTV-1-I, CTVI-1-B, and Replacement-3 applicable to Cumberland System of Projects power for a period ending September 30, 2020 (155 FERC ¶ 62,092).

Repayment Study: Existing rate schedules are based upon a January 2015 repayment study and other supporting data contained in FERC docket number EF15-12-000. The annual revenue requirement in this study was \$63,500,000. An updated repayment study, dated February 2020, indicates rates are not adequate to recover cost increases identified

and therefore do not meet repayment criteria. The additional costs are due to U.S. Army Corps of Engineers (Corps) Operation & Maintenance expense increases. The revised repayment study demonstrates an annual revenue requirement increase to \$66,150,000 per year will meet repayment criteria. The increase in the annual revenue requirement is \$2,650,000 per year, or about four percent.

Proposed Rates: The rate schedules recover cost from capacity, energy, and additional energy. The revenue requirement is \$66,150,000 per year. The rates would be as follows:

Cumberland System Rates

Original Marketing Policy

Inside TVA Preference Customers

Capacity and Base Energy:	\$3.430 per kW/Month
Additional Energy:	12.835 mills per kWh
Transmission:	Pass-through

Outside TVA Preference Customers (Excluding Customers served through Duke Energy Progress or East Kentucky Power Cooperative)

Capacity and Base Energy:	\$3.430 per kW/Month
Additional Energy:	12.835 mills per kWh
Transmission:	Monthly TVA Transmission Charge divided by 545,000

Customers Served through Duke Energy Progress

Capacity and Base Energy:	\$3.904 per kW/Month
TVA Transmission:	TVA rate at border as computed above, adjusted for DEP delivery

East Kentucky Power Cooperative:

Capacity:	\$1.826 per kW/Month
Energy:	12.835 mills per kWh
Transmission:	Monthly TVA Transmission Charge divided by 545,000

True-up Adjustment: The proposed rate schedules would continue adjustments annually on April 1 of each year, based on transfers of specific power investment to plant-in-service for the preceding Fiscal Year, to the base demand charge and base additional energy charge. The annual adjustment will be, for each increase of \$1,000,000 to specific power plant-in-service, an increase of \$0.003 per kilowatt per month added to the base capacity rate and an increase of 0.013 mills per kilowatt-hour added to the base additional energy rate. Southeastern will give written notice to the customers of the amount of the true-up by February 1 of each year.

The referenced repayment studies are available for examination at 1166 Athens Tech Road, Elberton, Georgia 30635-6711. The Proposed Rate Schedules CBR-1-J, CSI-1-J, CEK-1-J, CM-1-J, CC-1-K, CK-1-J, CTV-1-J, CTVI-1-C, and Replacement-3 are also available.

Dated: March 20, 2020.

Virgil G. Hobbs III,
Acting Administrator.

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